

Message Text

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42

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

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P 311724Z JUL 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 2214

UNCLAS PARIS 20796

E.O. 11652: N/A

TAGS: ETRN, FR, XN

SUBJECT: CIVAIR: GOF DISAPPROVAL OF PANAM AND TWA FARES

REF: PARIS 18933

1. BY LETTER DATED JULY 26 AND RECEIVED TODAY ABRAHAM OF SGAC INFORMS EMBASSY OF SGAC DISAPPROVAL OF NORTH ATLANTIC FARES APPLIED BY PANAM AND TWA PURSUANT TO RECENT DECISION OF COST OF LIVING COUNCIL. PANAM HAD NOTIFIED SGAC ON JULY 10 OF NEW FARES AND TWA HAD DONE SO ON JULY 18.

2. IN LETTERS ALSO DATED JULY 26 TO PANAM AND TWA INFORMING THEM OF SGAC DECISION (AND WHICH CARRIERS LIKEWISE RECEIVED TODAY), ABRAHAM JUSTIFIES SGAC ACTION ON GROUNDS NEW FARES DIFFER FROM AGREED IATA FARES APPROVED BY GOF AND USG; WERE INTRODUCED WITHOUT GOF APPROVAL; AND PROCEDURE FOLLOWED WAS NOT IN CONFORMITY WITH SECTION V OF US-FRANCE AIR TRANSPORT BILATERAL AGREEMENT. IN LETTERS TO CARRIERS AND EMBASSY SGAC INDICATES THAT US AUTHORITIES ARE BEING APPRISED OF DECISION IN ACCORDANCE SECOND PARA SECTION V (F) OF US-FRANCE BILATERAL. COPY OF SGAC LETTER TO CAB DATED JULY 30 (SIC) APPENDED TO LETTER ADDRESSED TO EMBASSY.

3. LOCAL REPS OF PANAM AND TWA ARE UNCERTAIN ON WHAT HAPPENS NEXT. THEY ARE NOTIFYING HOME OFFICES TODAY OF SGAC DISAPPROVAL

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AND ARE REQUESTING GUIDANCE. WE ASKED HYPOTHETICAL QUESTION OF

WHETHER GOF COULD INSIST ON PAYMENT OF SURCHARGE BY HOLDERS OF PANAM AND TWA RETURN TICKETS SO AS TO BRING WESTBOUND FARE TO IATA LEVEL WHICH, AS RESULT SGAC ACTION, REMAINS ONLY WESTBOUND FARE APPROVED BY GOF. PANAM HAD NO READY ANSWER WHILE TWA DOUBTED THAT "THINGS WOULD COME TO THAT."

4. COMMERCIAL DIRECTOR OF AIR FRANCE INFORMS US THAT AIR FRANCE HAS BEEN APPLYING IATA FARES ON US-ORIGIN ROUND-TRIP ECONOMY CLASS TRAVEL, I.E., INCLUDING THE WESTBOUND PEAK SEASON INCREASE FOR TRAVEL AFTER JULY 1. AIR FRANCE HAD ENVISAGED PROTESTING LOWER ROUND TRIP ECONOMY FARES CHARGED BY PANAM AND TWA AS RESULT COST OF LIVING COUNCIL DECISION ON APPLICABILITY PRICE FREEZE, BUT ON RECOMMENDATION NEW YORK OFFICE HAD DECIDED TAKE NO ACTION SINCE LOWER FARES AFFECTED ONLY SMALL PERCENTAGE OF TRAFFIC, US CARRIERS HADN'T SOUGHT PUBLICIZE THEIR LOWER FARES, AND FREEZE EXTENDS ANYWAY ONLY TO MID-AUGUST. (COMMENT: SINCE AIR FRANCE HAS LOST NO REVENUE AND WOULD APPEAR, BY ABOVE ACCOUNT AT LEAST, TO HAVE BROUGHT NO PRESSURE TO BEAR ON SGAC, WOULD SEEM THAT SGAC DISAPPROVAL PANAM AND TWA FARES MOTIVATED MORE BY PRINCIPLE AND BY PIQUE THAN BY ANY PRACTICAL CONSIDERATIONS RELATED TO PROTECTION NATIONAL CARRIER.)IRWIN

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